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Multi-year funding framework: securing adequate resources to achieve the medium-term plan priorities

Proposed modifications to the budget process

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports entitled "Multi-year funding framework: securing adequate resources to achieve the medium-term plan priorities" (E/ICEF/2000/5) and "Proposed modifications to the budget process" (E/ICEF/2000/AB/L.3). During its consideration of the reports, the Committee met with the Deputy Executive Director and her representatives, who provided additional information.

2. The Executive Board of the United Nations Children's Fund (UNICEF), in its decision 2000/3 of 2 February 2000 (E/ICEF/2000/8 (Part I)), approved the draft recommendation contained in document E/ICEF/2000/5, and requested the Executive Director to submit the proposed modifications to the budget process, as described in paragraphs 39 and 57 of the document, to the Advisory Committee for its review and comments prior to final submission of a revised budget process to the annual session of the Executive Board in 2000. The proposed modifications were submitted in document E/ICEF/2000/AB/L.3.

3. The guidance of the Advisory Committee is sought with regard to two main issues. The first issue relates to the timing of the submission of the biennial support budget to the Committee and subsequently to the Executive Board. The second relates to a perceived need for increased management flexibility with regard to the support budget post structure.

Timing of the submission of the support budget to the Executive Board

4. As indicated in paragraphs 9-11 of document E/ICEF/2000/AB/L.3, the current budget timetable requires UNICEF to submit the biennial budget proposal to the Executive Board at its second regular session in September every other year for the following biennium. This means that the biennial budget proposal has to be finalized by the end of May for submission to the Advisory Committee in June. However, the country programme recommendations are finalized by the Executive Board in May, and it is only at that point that the country offices are in a position to properly

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complete the country programme management plans (CPMPs) and support budgets.

5. Because of the May budget submission deadline, the CPMPs and support budgets have been completed several months before the country programme is finalized. This runs counter to the principle, which has been a cornerstone in the efforts by UNICEF to reform its budgetary process, that programme plans should drive the budget. Consequently, UNICEF proposes the submission of the biennial support budget to the Executive Board at its first regular session in January, at the beginning of the biennium, starting in January 2002. UNICEF also proposes that an interim budget allocation should be prepared to cover the one-month support costs for January 2002 for presentation to the Executive Board at its second regular session in 2000.

6. The Advisory Committee concurs in the change in timing from June to October of the submission of the budget to the Committee. It trusts that the UNICEF administration will keep strictly to that timetable, as any delay in submission could defeat the purpose of the change. While the Committee interposes no objection to the timing recommended for the submission of the budget to the Executive Board in January 2002, in the opinion of the Committee, the most appropriate time to discuss the budget would be before the financial period starts, not in January, when the period has already begun. The Committee understands that, owing to constraints on conference servicing on the part of the United Nations, it is not possible at present for the Executive Board to meet from October to December while the General Assembly is in session. A long-term solution to this problem should be sought. The Committee recommends further consultations on this issue with the Committee on Conferences.

7. With regard to the one-month interim support budget proposed for January 2002, the Advisory Committee is of the opinion that the viability of this course of action will very much depend on the cash position of UNICEF. If sufficient cash is available to maintain support operations for one month in January while the support budget is being reviewed, then this should not present a problem for January 2002, although, as stated above, a long-term solution should be sought which would avoid such an unusual procedure.

Management flexibility

8. UNICEF proposes that within the approved support budget appropriations, the Executive Director be given the authority to adjust the support management structure to meet programme and medium-term strategic plan priorities. Under the current practice, the Executive Board does not specifically approve posts; however, it does authorize the establishment of posts and the manning table. The Advisory Committee understands that the post pyramid as presented in the biennial budget proposal cannot be altered without the approval of the Board and that this has been built into budget instructions and procedures. Under the post pyramid, which was instituted in 1986, the Executive Director has the authority to redeploy and reclassify posts within the pyramid. In this connection, the Committee recalls its report of 16 March 1987, in which it stated its view that it was important for the Executive Board to maintain specific and direct control over all posts dealing with administration or project support (E/ICEF/1987/AB/L.2, para. 28). In practical terms, what UNICEF is seeking is increased flexibility in the management of support posts in the interim between meetings of the Executive Board.

9. The Advisory Committee concurs with certain conditions in the recommendation concerning increased management flexibility. Firstly, the establishment of any post above the level of P-5 would require prior approval of the Committee and of the Executive Board. Secondly, support staff costs should not exceed the amount authorized by the Executive Board and should not involve general temporary assistance, consultancy or temporary funds. On that basis, flexibility could be provided for posts from levels P-1 to P-5, including for reclassification of posts. Thirdly, the ratio of funds for programme costs to funds for programme support costs should not in any way be affected by the implementation of increased management flexibility. In addition, whatever staffing changes are made in this context should be reported in the next budget submission so that the Committee and the Board can monitor implementation of the increased management flexibility. Furthermore, the issue of increased flexibility with regard to reclassification of posts should be revisited by UNICEF; in the view of the Committee, it should not become institutionalized.

10. The Advisory Committee requested clarification regarding whether a distinction was made in the country offices between posts financed under the biennial support budget and those financed under the programme budget. The Committee was informed that, although some discussion of dropping the distinction had taken place in the context of the harmonized budget presentation for the funds and programmes of the United Nations, the distinction continued to be made. The Committee requests that a clear indication be made on the interpretation of the harmonized methodology in this regard and on the criteria used to implement it.

General observations and recommendations

11. The Advisory Committee notes, as indicated in paragraphs 19 and 20 of document E/ICEF/2000/AB/L.3, that UNICEF does not have a mechanism to deal with unforeseen expenditures. The Committee recommends that the Executive Director examine the current practice followed by UNICEF and report to the Executive Board, through the Committee, on possible policy options to deal with unforeseen expenditures.

12. The Advisory Committee is concerned that the UNICEF planning, programming, budgeting and implementation processes are becoming overly complex. The Committee cautions that over-reporting and over-review are not synonymous with enhanced oversight. In this connection, the Committee requests the Executive Director, as a long-term objective, to review all elements and components of the present planning, programming and budgeting process with a view to identifying areas in which streamlining and simplification, as well as less frequent reporting, might be possible.